

Title: Manila International Airport Authority vs. Court of Appeals and City of Parañaque, et al.

Facts:

The Manila International Airport Authority (MIAA) oversees the operations of the Ninoy Aquino International Airport (NAIA) under authority granted by Executive Order No. 903, as amended. MIAA's assets include approximately 600 hectares of land, buildings, and other airport facilities. Notably, the MIAA Charter stipulates that these properties are dedicated to public use and cannot be alienated or disposed of without presidential approval.

In 1997, the Office of the Government Corporate Counsel opined that the Local Government Code of 1991 (LGC) had withdrawn MIAA's exemption from real estate tax. MIAA then negotiated with the City of Parañaque for the payment of real estate tax but later faced notices of delinquency for the years 1992 to 2001. Subsequently, Parañaque City issued levies and warrants of levy on MIAA's properties, leading MIAA to file a petition before the Court of Appeals seeking to prohibit Parañaque City from imposing and collecting real estate taxes. The Court of Appeals dismissed the petition due to procedural lapses, prompting MIAA to elevate the matter to the Supreme Court.

In the meantime, Parañaque City initiated public auction of MIAA's properties to satisfy the tax delinquency. MIAA then filed an urgent motion before the Supreme Court to stop the auction. The Supreme Court issued a temporary restraining order stopping the auction.

Issues:

1. Whether MIAA's airport lands and buildings are exempt from real estate tax under existing laws.

Court's Decision:

The Supreme Court ruled that MIAA's airport lands and buildings are exempt from real estate taxes imposed by local governments. The Court held that:

1. MIAA is not a government-owned or controlled corporation but an instrumentality of the National Government, thus exempt from local taxation.
2. The real properties of MIAA are owned by the Republic of the Philippines and are thus exempt from real estate tax.
3. Sections 133, 193, and 234(a) of the LGC do not authorize local governments to impose real estate tax on national government instrumentalities.
4. Properties devoted to public use and public service, like MIAA's airport lands and

buildings, are considered properties of public dominion and are insusceptible to lien, levy, or auction for delinquent taxes.

Doctrine:

The Supreme Court established or reiterated the doctrines that national government instrumentalities are exempt from local government taxation, that properties of public dominion are not subject to real estate tax, and the law must expressly authorize tax imposition on national government instrumentalities.

Class Notes:

1. Instrumentalities of the National Government are exempt from local taxation (Local Government Code, Section 133(o)).
2. Real property of public dominion is exempt from real estate tax (Civil Code, Articles 420 and 234(a) of the LGC).
3. Express statutory language is required to subject national government instrumentalities to taxation by local government units.

Historical Background:

This case contextualizes the ongoing tension between the fiscal autonomy of local government units as promoted by the 1987 Constitution and the Local Government Code of 1991, and the principles shielding national government assets and instrumentalities from local taxation. It underscores the complexities involved in balancing local government powers with the need to preserve the assets vital for national interest and public service delivery.